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Sales and Use Tax Trends for the Healthcare Industry
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Sales and Use Tax Trends for the Healthcare Industry: Agenda

- Audit Trends by the Taxing Authorities
- Trends by Industry Tax Departments
  - Service Providers and Medical Suppliers
- The Acquisition and Consolidation Trend
  - Planning for Purchases and Spin-offs
- Trends by the Courts and Legislators
  - Hot Topics and Recent Court Cases
Audit Trends by the Taxing Authorities:

- **Medical Kits**
  - Common practice now for states to try and define medical supplies as kits or as bundles…. For example:
    - Sutures with needles
    - Preloaded stapling devices
    - Catheter with deployment device
  - What is a kit?
  - Where do we find guidance?
  - Bundling issue?
  - Why does the state take this position?
  - What are the defenses?
  - How do taxpayers prove what is or isn’t a kit?
Audit Trends by the Taxing Authorities:

- **Streamline Sales Tax Work Group Adherence**
  - In SST states, do auditors apply their own thinking rather than following SST rules?
  - Why? Is it simply training, education?
  - How should taxpayers respond?
  - How should states correct this problem within their Agency?
    - Have a medical point person, expert?
Audit Trends by the Taxing Authorities:

● States Continue to Narrow Tax Policy
  – For example Georgia only exempts medical devices when sold to an individual…. Response: Well that’s our Policy!
  – Texas’ reaction to the *Zimmer* Decision loss – issues narrow letter ruling.
  – Texas continues to narrow the radiology repair exemption and taxes “behind the glass” equipment services.
  – Texas has to give up artery vs. vein distinction with IV systems law change in 2013.
  – New Mexico begins to re-litigate the 2016 *HealthSouth* Decision even after they change the law in 2016 following a court case loss.
Audit Trends by the Taxing Authorities:

- Auditors want to see Prescriptions
  - It’s still common for states to think all prescriptions are on a piece of paper with handwriting on it…… they aren’t trained to think any other way.
  - If you’re a service provider, DORs try to limit exemptions to individuals in many cases.
    - Why? Because the item must be prescribed to an individual
    - Ohio is a good example of this

- Transcription services as data processing, not professional services
  - Ohio, Pennsylvania, and Texas examples
  - More and more states begin to tax this service
Audit Trends by the Taxing Authorities:

- While verifying a refund claim, states issue a notice of a formal audit for the same periods more regularly.
  - Example states where it seems more common practice:
    - Alabama, California
    - Mississippi, New Jersey
    - Utah
  - The rescue dollar concept
    - Texas – review sample base
    - Georgia ST12 – sign every page
Audit Trends by the Taxing Authorities:

- Penalties, Penalties, Penalties
  - More and more penalties are being assessed automatically in audits with auditors having less discretion to waive them.

- States Requiring Electronic filing on the increase
Trends by Industry Tax Departments:

- Managing use tax through technology
  - Cost vs. benefit and ROIs
  - Repeat errors by business units becoming a no/no

- Lack of resources/personnel
  - Outsourced compliance increasing
  - Closing audits with less appeals
  - Rolling error rates forward

- Heightened awareness to identify and report tax liabilities
  - As companies consolidate, corporate push-downs become more relevant.
Trends by Industry Tax Departments:

- Heightened awareness to identify tax liabilities/underpayments
  - Increased reporting for tax reserves
  - Manage those reserves carefully
  - Avoid surprises to upper management

- Increased Reporting Responsibilities
  - Cause audits to age and be delayed
The Acquisition and Consolidation Trend:

- Common Trends – Pre-merger
  - Handling Successor Liability
    - Factors to consider
      - Asset vs. stock sale
      - Audit history
      - Contractual obligations
      - Current claims
      - Court cases
      - Performing due diligence
      - Record retention
      - Settlements
The Acquisition and Consolidation Trend:

- **Common Trends – Pre-merger**
  - What is your due diligence plan pre-merger?
    - Do you test records?
    - Do you capture electronic data?
    - Do you review tax returns?
    - Do you review for nexus?
    - Do you review audit history?
  - Do you have a voice in reducing purchase price for results from due diligence?
The Acquisition and Consolidation Trend:

- **Common Trends – Pre-merger**
  - Contacting the state
    - Is there audit risk?
    - Do you need to file a final return?
    - Is there a change in name?
    - Is there a change in ownership?
    - Taxpayer number considerations?
  - Operator vs. Owner considerations
    - Do changes in payables need to occur related to taxes?
    - How will taxes be reported?
The Acquisition and Consolidation Trend:

- Common Trends – Post Merger
  - Affiliated nexus considerations
  - Consolidating Item Masters
  - Choosing automation options
  - Handling Non – standard (Non PO items)
  - Handling corporate agreements with third parties post merger
  - Third party software solutions, cloud
  - Central vs decentralized procurement
Trends by the Courts and Legislators:

- **Arkansas**

  - Ark. Code Ann. §26-52-433(a)(1) reads as follows:
    - (a)(1) Gross receipts or gross proceeds derived from the rental, sale or repair of durable medical equipment prescribed by a physician, mobility enhancing equipment prescribed by a physician, a prosthetic device prescribed by a physician, and disposable medical supplies prescribed by a physician shall be exempt from all state and local sales and use taxes.

    - the exemption applies only “to a…prosthetic device sold to a specific patient pursuant to a prescription written before the sale.” Ark. Code Ann. §26-52-433(b)(5) provides that a prescription is “an order, formula, or recipe issued in any form and transmitted by an oral, written, electronic, or other means of transmission by a duly licensed physician or practitioner authorized to issue prescriptions under Arkansas law.”
Trends by the Courts and Legislators:

- **Arkansas**
  - Revenue Legal Counsel Opinion No. 20151106 (4 Scenarios Continued)
    - The first scenario, involves a sale by a supplier that hand delivers the item to the medical provider on a procedure date for a specific patient. All sales under this scenario would be individually billed to a doctor's practice, hospital or medical center in an amount corresponding to a written prescription or hospital work order.
    - The second scenario, is a direct sale ordered by the doctor and shipped directly from one of its facilities to the doctor, hospital or medical center in advance of a procedure date for a specific patient. All sales under this scenario would be individually billed as described in Scenario 1.
Trends by the Courts and Legislators:

- Arkansas
  - Revenue Legal Counsel Opinion No. 20151106 (4 Scenarios Continued)
    - Both Scenario 1 and 2 involve prosthetic devices to be purchased on behalf of specific patients pursuant to a prescription/work order written before sale and therefore are exempt from tax under Rule GR-38.2.H.4 and the previously discussed applicable statutes.
    - The third scenario considers consignment. Products “stored at the customer site and title is retained by supplier until a purchase order is issued by a doctor with a written prescription/hospital work order included with that purchase order. On the prescription/hospital work order is the name of the specific patient receiving the implant. At that point, the products are removed from consignment inventory and transferred to the hospital/medical provider. The taxpayer would retain in its files a copy of the prescription or hospital work order to support such invoice.”
Trends by the Courts and Legislators:

- **Arkansas**
  - Revenue Legal Counsel Opinion No. 20151106 (4 Scenarios Continued)
    - The fourth scenario involves all other sales to a doctor's practice, hospital or medical center, including bulk sales to be held in inventory by the medical provider.
    - What's the taxability answer of scenarios 1, 2, 3, and 4?
      - #1 Exempt
      - #2 Exempt
      - #3 Exempt, if the taxpayer a spreadsheet that contains the following information:
        - Invoice date
        - Hospital/medical provider name
        - Invoice number
Trends by the Courts and Legislators:

- Arkansas
  - Revenue Legal Counsel Opinion No. 20151106 (4 Scenarios Continued)
    - What’s the taxability answer of scenarios 1, 2, 3, and 4?
      - Description of the item – which will match the item description on the invoice
      - Item price
      - State and local taxes paid
      - Service date
      - Patient name
      - Doctor name
      - Patient ID
    - #4 Taxable
Trends by the Courts and Legislators:

- **Arizona**
  - Seem to ignore the plain meaning of the statute
  - Prosthetic cases – *Renal West* still the litmus test
  - Drug and prosthetic exemption is broad but narrowly applied by the states.

- **Georgia**
  - Seem to ignore the plain meaning of the statute
  - Prosthetic Devices and DME for hospitals
  - SST catch-up and implications
  - Do Legislators understand the impact
Trends by the Courts and Legislators:

- **Indiana**
  - Fresenius USA Marketing, Inc. v. Indiana Dep’t of Revenue (July 15, 2016)
    - December 2007 Fresenius filed for a refund of tax it erroneously collected from its customers for sales of DME and supplies.
    - In 1998, the DOR issued a revenue ruling interpreting the DME exemption, and issued two more rulings with the same position in 2008. After 2008, the department revoked the 2008 rulings and issued two new revenue rulings stating a new position on the exemption.
    - DOR argued it did not have to follow the original rulings exempting the DME. The court ultimately decided in favor of the Taxpayer, and the DOR cannot retro-actively change its published tax policy.
    - (This case isn’t really about a change in taxability, but it is more about not letting the DOR change its position retro-actively.)
Trends by the Courts and Legislators:

- **Indiana**
    - Taxpayer protests use tax assessed on purchases of artificial dermal material, asserting that it qualifies for exemption as a medical device or drug purchased by a medical practitioner. Taxpayer uses the artificial dermal material as a skin substitute in wound repair surgeries. Patients must have a prescription for the artificial dermal material.
    
    - The exemption from gross retail tax for licensed medical practitioners is found in IC §6-2.5-5-19(c) (July 1, 2015), which provides:
      - Transactions involving drugs, insulin, oxygen, blood, and blood plasma are exempt from the state gross retail tax if purchased by a licensed practitioner (as defined in IC 6-2.5-1-21.5) or a health care facility (as defined in IC 16-18-2-161(a)) for the purpose of:
        1. direct consumption in treating patients; or  
        2. resale to a patient that the practitioner is treating, in the case of sales of legend or nonlegend drugs.
Trends by the Courts and Legislators:

- Indiana

  Taxpayer argues that its purchases of artificial dermal material should be exempt from tax because the tissue may only be used by patients under the order of a licensed medical professional, and should therefore be considered tax exempt medical devices. However, Taxpayer's argument relies upon IC §6-2.5-5-18(c) (July 1, 2015), which provides, in relevant part:
    - Transactions involving the following are exempt from the state gross retail tax if the end user acquires the property upon a prescription or drug order (as defined in IC 16-42-19-3) that is required by law for the transaction from a licensed practitioner:
Trends by the Courts and Legislators:

- Indiana
  - Letter of Findings: 04-20170735 (Jun 28, 2017 Continued)
    - (1) Durable medical equipment.
    - (2) Mobility enhancing equipment.
    - (3) Prosthetic devices, including artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, and contact lenses.
    - (4) Other medical supplies or devices that are used exclusively for medical treatment of a medically diagnosed condition, due to:
      - (A) injury;
      - (B) bodily dysfunction; or
      - (C) surgery.
Trends by the Courts and Legislators:

- Indiana
    - The DOR found that the statute Taxpayer's argument relies upon was inapplicable for two reasons.
      - First, this statute was not in effect during most of the audit period. The previous version of IC §6-2.5-5-18, in effect for tax year 2013 until June 30, 2015, provided, in relevant part:
        - (a) Sales or rentals of durable medical equipment, mobility enhancing equipment, prosthetic devices, artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, contact lenses, and other medical supplies and devices are exempt from the state gross retail tax, if the sales or rentals are prescribed by a person licensed to issue the prescription.
      - Since 2009, the Department has interpreted this exemption to apply only to sales made directly to patients with a prescription. See Fresenius USA Marketing, Inc. v. Ind. Dep't of State Revenue, 56 N.E.3d 734, 736 (Ind. Tax Ct. 2016)
Trends by the Courts and Legislators:

- Indiana
    - The DOR found that the statute Taxpayer's argument relies upon was inapplicable for two reasons.
      - Second, the current version of IC §6-2.5-5-18 (July 1, 2015) provides a sales tax exemption to the patient as the end user of certain medical supplies, not to the licensed medical practitioner that purchases the medical supplies. The acquisition of exempt property by a licensed medical practitioner is set forth in IC §6-2.5-5-19, which provides an exemption from gross retail tax only for “drugs, insulin, oxygen, blood, and blood plasma.”
    - During the hearing, Taxpayer also argued that the artificial dermal material should alternatively be considered a “drug” and therefore exempt under IC §6-2.5-5-19 because it is soaked in a solution containing drugs, and should therefore be considered a drug itself.
Trends by the Courts and Legislators:

- **Indiana**
    - The DOR found that the item does not fit within the definition of a drug, and is more properly classified as “other medical supplies or devices” under IC §6-2.5-5-18(c)(4). The term “medical equipment, supplies or devices” consists of “those items, the use of which is directly required to correct or alleviate injury to malfunction of, or removal of a portion of the purchaser's body.” 45 IAC 2.2-5-28(h).
    - The products at issue are used during surgical procedures performed by Taxpayer to treat a bodily dysfunction within its patients. While this use is not taxable to the patient as the end user, it is taxable use by the Taxpayer in accordance with 45 IAC 2.2-5-36(a).

- Do we agree, disagree?
Trends by the Courts and Legislators:

- **Kentucky**
    - Kentucky upholds a sales and use tax assessment attributed to a taxpayer’s purchases of paper that it used in printing statements for its insurance affiliates’ customers.
    - The taxpayer argued that the resale exemption applied because it was selling the printed statements to the affiliates. The Commission found that the statements were not the work of a stand-alone "print shop," but reflected the rendering of numerous, interrelated services. It found that the insurance affiliates were paying for services (referred to in the service agreements as "mail service"), not tangible personal property.
    - Basically the service were part of corporate service agreements.
Trends by the Courts and Legislators:

- **Louisiana (Parish Taxes)**
  - **BioMed/Crowe Decision:**
    - Supreme Court Denies Writ (May 2017)
    - Case argued whether items purchased pursuant to the provisions of Medicare/Medicaid where exempt at the Parish level?
    - Court of Appeals upheld lower courts denial of claim.
    - Case analyzed whether prescription drugs are exempted?
    - Is this the end due to the fact that many taxpayers entered Abide By Agreements with Parishes?
    - What’s next for any remaining cases at the BTA?
Trends by the Courts and Legislators:

- **Louisiana (State Taxes)**
  - History
    - *Medical Diagnostics* case expands exemptions to just about anything in contact with the patient.
    - 2016 Exemptions were temporarily suspended
    - 2016 Second Special Session, some exemptions restored
    - 2017 Act 426 gives back primary exemption
  - State Tax Recovery Litigation Efforts around 2016 Law Changes
    - Louisiana Hospital Association working with affected taxpayers through payment under protest remedy
    - Unaware if a lead case has been determined yet.
    - Case relies in part on the *Medical Diagnostics* case
  - Takeaway: Confusion.......
Trends by the Courts and Legislators:

- **Missouri**
    - Parts used and installed by a corporation engaged in the business of selling and servicing of medical imaging equipment (i.e., CT, MRI, NM, and PET scanners) under its service agreements were subject to Missouri sales or use tax.
    - The equipment parts the taxpayer purchases are consumed as part of the service agreement the taxpayer has with its customers. The taxpayer's labor is not subject to sales tax because it is not a taxable service listed under §144.020. Section 144.018.1 provides the parts are not purchased for resale if used to provide a nontaxable service.
Trends by the Courts and Legislators:

- **New Mexico**
  - *The HealthSouth* Decision in 2016 allows deduction from gross receipts from certain health plans such as the managed care deduction in Section 7-9-93.
  - This decision struck down the Department’s regulation baring hospitals from the deduction.
  - In November 2016, New Mexico changes its law and the plans again are subject to tax.
  - In early 2017, many other cases on hold awaiting the outcome of *HealthSouth*, receive new information requests from the protest office of the Department of Taxation and re-litigation efforts begin for periods where taxpayers claimed refunds based on *HealthSouth* in periods prior to the November 2016 law change.
Trends by the Courts and Legislators:

- **New York**
    - Addressed whether the retrieval and furnishing of specifically identified confidential medical records for its customers, and providing the records to an authorized requester is taxable?
    - And whether the taxpayer’s coding service (transformation of narrative descriptions of diseases, injuries, and healthcare procedures into numeric or alphanumeric designations (i.e., codes) is taxable?
    - The taxpayer collected and furnished healthcare information to persons requesting copies of medical records by entering into agreements with various medical practices and hospitals. These agreements require taxpayer to respond on behalf of the healthcare provider customer to all requests for medical records. The taxpayer has operations at various medical facilities in New York and collects sales tax on its charges for retrieving and furnishing medical records.
Trends by the Courts and Legislators:

- **New York**
    - Employees at the healthcare provider customer's medical facilities perform the following duties:
      - Receive and review all incoming requests for Medical Records and validate authorizations for release of medical records from requesters for compliance with the Health Insurance Portability and Accountability Act (HIPAA) and state law.
      - Make the medical record available to the requester, either by mailing a hard copy, or by giving the requester password access to the record on Petitioner's online e-delivery system.
      - Record pertinent information regarding the requests in the taxpayer’s web-based information request management system in order to track the status of the processing of requests.
Trends by the Courts and Legislators:

- New York
    - In addition, the taxpayer performs the following services:
      - Coding is the transformation of narrative descriptions of diseases, injuries, and healthcare procedures into codes that are returned along with the Medical Records to the healthcare provider. The codes are detailed in order to accurately describe the diagnoses and the procedures performed to test or correct these diagnoses. Coding health-related data permits access to health records according to diagnoses and procedures for use in clinical care, research, and education.
      - Abstraction is the service of taking medical information from handwritten and typed reports and physically entering that information into an electronic medical record. Nurses and other credentialed health information management people do this.
Trends by the Courts and Legislators:

- **New York**
    - Training and education is provided for all levels of coders, including physicians and ancillary hospital personnel.
    - Data storage is when the taxpayer provides customers secure, online storage space in which the customer can store and access patient records and other sensitive documentation at any time. The customer does not install any software and does not store any data on its own server.
    - The taxpayer’s retrieval and furnishing of specifically identified confidential medical records for its customers and providing the records to an authorized requester is not subject to sales tax.
Trends by the Courts and Legislators:

- **New York**
    - The taxpayer’s coding service adds additional information to the healthcare providers' medical records that the providers then can use and analyze. The coding service is an information service because it includes analyzing, compiling, and organizing information by categorizing the original records and enabling searches within like diagnoses. See Tax Law §1105(c)(1):
    - However, the codes themselves are uniquely personal in nature because they reflect the diagnosis and treatment of a particular patient. *Cf. Matter of Allstate Ins. Co. v. Tax Commn. of the State of New York*, 115 AD2d 831, 834 (3d Dep't 1985), *aff'd* 67 NY2d 999 (1986). When Petitioner's coding service is provided solely to its healthcare provider customer or an authorized requestor, the service would be excluded from sales tax as an information service that is “personal or individual in nature.”
Trends by the Courts and Legislators:

- New York

  - However, if the coded information is provided to third parties, e.g., for research, the charge for the coding service would be taxable, because it would not satisfy the requirement that the information “is not or may not be substantially incorporated in reports furnished to other persons.” See Tax Law §1105(c)(1).
  
  - The abstraction service does not qualify as an information service because the taxpayer is converting the customer's handwritten or typed information into an electronic medical record without adding any information or intelligence. See Finserv Computer Corporation v. Tully, 94 AD2d 197 (3d Dep't 1984). This service is not taxable, whether the abstracted information is delivered to the customer as tangible personal property or electronically. See TSB-A-10(20)S.
Trends by the Courts and Legislators:

- New York
    - Training services are not taxable, because education services are not among the enumerated taxable services. See Tax Law §1105(c); TSB-A-15(7)S.
    - The data storage service is not subject to sales and use tax because the records are stored in electronic form. See TSB-A-05(40)S.
Trends by the Courts and Legislators:

- **Ohio**
  - *Ankle & Foot Care Centers LLP v. Testa*, Ohio Board of Tax Appeals, No. 2016-208, January 10, 2017
    - The taxpayer’s purchase of medical transcription services was subject to Ohio use tax because such services qualified as automatic data processing. "Automatic data processing" means the processing of others’ data, including keypunching or similar data entry services or providing access to computer equipment for the purpose of processing data.
    - Though the taxpayer asserted that medical transcription services were nontaxable as personal or professional services, there is no specialized training required to perform the job, no licensing or certification process, and no regulatory authority that oversees the profession. The taxpayer did submit diplomas and certificates to establish that the persons performing the transcription were specially trained.
Trends by the Courts and Legislators:

- Ohio

  - *Ankle & Foot Care Centers LLP v. Testa*, Ohio Board of Tax Appeals, No. 2016-208, January 10, 2017 (Continued)

  - However, there was no written contract that specified the qualifications and professional skills needed to perform transcription services for the taxpayer. Furthermore, there was nothing in the record to demonstrate that the persons named in the documents actually performed transcription services for the taxpayer during the audit period.
Trends by the Courts and Legislators:

- **Texas 2017 Legislative Session**
  - Senate Bill 1539 died at the last minute in the 2017 Legislature, together with dozens of other bills that failed to emerge from conference committee before all the deadlines expired. Therefore, both the Comptroller’s proposed amendments to 151.338 and the health care facility carve-out (for radiology service repairs) died.

  - Texas was in Special Session in August but sales tax was not an agenda item.

  - Artery vs. Vein distinction died effective September 2013. However, for prior periods, the Comptroller continues to make the distinction.

  - Specialized instruments continue to be a challenge for taxpayers to exempt as defined in the Rule for orthopedic devices.
Trends by the Courts and Legislators:

- Texas
  - What is a kit?
    - Continues to be a challenge and an assertion made by field auditors all the time.
    - How do you obtain the kit breakdown when the information is sensitive to the supplier?
Trends by the Courts and Legislators:

- Virginia
  - Determination P.D.17-48 (April 2016) regarding taxation of mattresses
    - In a request for reconsideration, the Virginia Department of Taxation upheld a prior ruling (P.D. 16-81) that held that a taxpayer’s sales of 100% natural latex mattresses that can only be purchased with a prescription do not qualify for the durable medical equipment exemption, and therefore, are subject to Virginia sales and use tax.
    - In order for an item to be exempt as durable medical equipment under Virginia law, the item must qualify under all four of the stated criteria in Title 23 VAC 10-210-940 F. The 100% natural latex mattresses do not meet the third criteria because they are useful in instances when illness or injury is not present. While the 100% natural latex mattresses may be useful in treating a number of medical conditions, the mattresses are not designed specifically for medical purposes within the meaning of Va. Code §58.1-609.10(10).
Trends by the Courts and Legislators:

- **Virginia**
  - Determination P.D.17-48 (April 2016) regarding taxation of mattresses (Continued)
    - The tax does not apply to … durable medical equipment … purchased by or on behalf of an individual. The fact that an item is purchased from a medical equipment supplier or on a physician's prescription is not dispositive of its exempt status.
    - Subsection A of the regulation defines the term “durable medical equipment” to mean medical equipment that meets all the following requirements: (i) can withstand repeated use; (ii) is primarily and customarily used to serve a medical purpose; (iii) generally is not useful to a person in the absence of illness or injury; and (iv) is appropriate for use in the home.
    - In order for an item to be exempt from the tax, it must meet all of the above criteria.
Trends by the Courts and Legislators:

- Washington
  - *Determination No. 16-0136 December 2016*
    - A medical marijuana management company was liable for Washington sales tax and retailing business and occupation (B&O) tax on its retail sales of medical marijuana because it transferred ownership of such products for valuable consideration.
      - The taxpayer contended that it provided operational assistance to a collective garden. However, the state determined the taxpayer was responsible to collect and remit retail sales tax when making sales irrespective of whether the taxpayer was provided management services to the collective garden. As the seller of tangible personal property, whether as agent of the collective garden or as principal, the taxpayer was responsible for collecting and remitting retail sales tax on all sales under RCW 82.08.050(1).
Trends by the Courts and Legislators:

- Washington
  - *Determination No. 16-0136 December 2016 (Continued)*
    - The taxpayer also considered the payments from customers as donations. The state determined that the money the customers gave for marijuana did not qualify as a contribution or donation B&O tax exemption because it was not gratuitous.
    - The taxpayer also raised a prescription drug argument, but the state ruled that medical marijuana was not prescribed to patients, but rather patients received valid documentations from health care professionals that allowed them to purchase medical marijuana. Therefore, the sales of medical marijuana did not qualify for the prescription drug exemption under RCW 82.08.0281(1).
    - The taxpayer also raised the botanical medicines exemption however medical marijuana is classified as a controlled substance, which is treated separately from the botanical medicines exemption in RCW 18.36A.020(10). Therefore, the taxpayer's sales of marijuana were not exempt from retail sales tax under RCW 82.08.0283(1).
Trends by the Courts and Legislators:

- **Wisconsin**
  - *Healthcare Services Group, Inc. v. Wisconsin Department of Revenue*, Wisconsin Circuit Court, No. 16-CV-1710
    - The Wisconsin Tax Appeals Commission held that laundry services and related management services provided by a company at nursing homes, retirement homes, and rehabilitation facilities were subject to Wisconsin sales tax. The services involved laundering and processing resident and patient clothing as well as the facilities’ sheets, pillow cases, blankets, and other linens.
    - The commission found that the company’s services were taxable laundry services, rather than nontaxable management services, because the primary purpose of a service contract was for the client to obtain laundry services. The account manager’s activities were not isolated but rather were an integral part of the company’s laundry services.
Questions/Comments

Thank you!